

Estimated Hearing Date: November 7, 2018 at 9:30 a.m. (Atlantic Standard Time)
Objection Deadline: August 6, 2018 at 4:00 p.m. (Atlantic Standard Time)

UNITED STATES DISTRICT COURT
DISTRICT OF PUERTO RICO

In re:

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

THE COMMONWEALTH OF PUERTO RICO, *et al.*,

Debtors.¹

PROMESA

Title III

No. 17 BK 3283-LTS

**Re: ECF Nos. 1063, 1150, 1715,
3269**

(Jointly Administered)

**SUMMARY OF THIRD INTERIM APPLICATION OF O'MELVENY & MYERS LLP
FOR ALLOWANCE OF COMPENSATION FOR SERVICES RENDERED AND FOR
REIMBURSEMENT OF EXPENSES AS COUNSEL TO THE PUERTO RICO FISCAL
AGENCY AND FINANCIAL ADVISORY AUTHORITY FOR THE PERIOD FROM
FEBRUARY 1, 2018 THROUGH MAY 31, 2018**

Name of Applicant:	O'Melveny & Myers LLP
Authorized to Provide Professional Services to:	Puerto Rico Fiscal Agency and Financial Advisory Authority (" <u>AAFAF</u> ") as the entity authorized to act on behalf of the Commonwealth of Puerto Rico
Period for which compensation and reimbursement are sought:	February 1, 2018 through May 31, 2018
Amount of Compensation sought as actual, reasonable, and necessary:	\$6,871,237.76

¹ The Debtors in these Title III Cases, along with each Debtor's respective Title III case number and the last four (4) digits of each Debtor's federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17 BK 3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation ("COFINA") (Bankruptcy Case No. 17 BK 3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority ("HTA") (Bankruptcy Case No. 17 BK 3567-LTS) (Last Four Digits of Federal Tax ID: 3808); (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico ("ERS") (Bankruptcy Case No. 17 BK 3566-LTS) (Last Four Digits of Federal Tax ID: 9686); and (v) Puerto Rico Electric Power Authority ("PREPA") (Bankruptcy Case No. 17 BK 4780-LTS) (Last Four Digits of Federal Tax ID: 3747). (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

Amount of Expense Reimbursement sought as \$101,437.64
actual, reasonable, and necessary:

This is a(n): ___ monthly X interim ___ final application²

- Blended Rate in this application for attorneys: \$787 /hr
- Blended Rate in this application for all timekeepers: \$684/hr

Prior Monthly Fee Statements:

Compensation Period	Fees Requested	Expenses Requested
May 3, 2017 - May 31, 2017	\$2,048,886.95	\$38,076.22
June 1, 2017 - June 30, 2017	\$2,019,150.05	\$42,703.98
July 1, 2017 - July 31, 2017	\$1,463,365.30	\$14,041.60
August 1, 2017 - August 31, 2017	\$2,269,785.59	\$35,660.50
September 1, 2017 - September 30, 2017	\$2,192,078.21	\$53,644.33
October 1, 2017 - October 31, 2017	\$1,713,317.35	\$20,978.93
November 1, 2017 - November 30, 2017	\$2,016,058.90	\$14,978.51
December 1, 2017 - December 31, 2017	\$1,911,030.47	\$50,773.84
January 1, 2018 - January 31, 2018	\$1,924,690.87	\$35,684.27
February 1, 2018 - February 28, 2018	\$1,616,970.91	\$33,903.35
March 1, 2018 - March 31, 2018	\$1,841,854.86	\$35,454.35
April 1, 2018 - April 30, 2018	\$1,619,214.28	\$13,499.11
May 1, 2018 - May 31, 2018	\$1,851,763.31	\$18,580.83
TOTAL INCURRED:	\$24,488,167.05	\$407,979.82

Payments Made to Date:³

Compensation Period	Fees Paid	Expenses Paid
May 3, 2017 - May 31, 2017	\$1,843,998.26	\$38,076.22
June 1, 2017 - June 30, 2017	\$1,817,235.05	\$42,703.98
July 1, 2017 - July 31, 2017	\$1,317,028.77	\$14,041.60
August 1, 2017 - August 30, 2017	\$2,042,807.03	\$35,660.50
September 1, 2017 - September 30, 2017	\$1,972,870.39	\$53,644.33
October 1, 2017 - October 31, 2017	\$1,541,985.61	\$20,978.93
November 1, 2017 - November 30, 2017	\$1,814,453.01	\$14,978.51
December 1, 2017 - December 31, 2017	\$1,719,927.42	\$50,773.84
January 1, 2018 - January 31, 2018	\$1,732,221.78	\$35,684.27
TOTAL PAID:	\$15,802,527.32	\$306,542.18

² OMM's fee and expense totals in this interim application do not differ from the sum of previously-served monthly statements.

³ This payment chart does not include any holdback amounts paid to date.

TABLE OF SCHEDULES AND EXHIBITS

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Exhibit B - February Detailed Time and Expense Records

Exhibit C - March Detailed Time and Expense Records

Exhibit D - April Detailed Time and Expense Records

Exhibit E - May Detailed Time and Expense Records

Schedule A

LIST AND SUMMARY OF HOURS AND COMPENSATION BY PROFESSIONAL⁴

Name	Title or Position	Hourly Rate Billed in this Application	Hours Billed in this Application	Total Compensation
AARON AMANKWA	Staff Attorney	289.00	7.5	2,167.50
AARON C. SHAPIRO	Associate	488.75	80.3	39,246.80
ADAM P. MECHANIC	Associate	624.75	70.9	44,294.85
ALEXANDER ANDERSON	Partner	807.50	33.0	26,647.50
ALOK KUMAR	Temp Attorney	88.00	45.0	3,960.00
AMALIA Y. SAX-BOLDER	Associate	624.75	289.3	180,740.43
AMBER L. COVUCCI	Associate	624.75	115.4	72,096.31
ANDREW NADLER	Paralegal	314.50	138.5	43,558.25
ANDREW PARLEN	Partner	807.50	52.5	42,393.75
ASHLEY PAVEL	Counsel	692.75	519.0	359,537.89
BILLY ABBOTT	Counsel	688.50	61.3	42,205.05
BRAD ELIAS	Counsel	739.50	19.5	14,420.25
BRETT M. NEVE	Associate	624.75	668.8	417,833.29
BRITTANY GORIN	Associate	518.50	115.6	59,938.60
CYNTHIA A. MERRILL	Counsel	705.50	14.0	9,877.00
DANIEL L. CANTOR	Partner	871.25	19.1	16,640.93
DANIEL SCHWEON	Project Assistant	127.50	30.1	3,837.75
DAVID J. JOHNSON JR.	Partner	1,015.75	92.6	94,058.61
DENISE RAYTIS	Partner	807.50	157.6	127,262.00
DIANA M. PEREZ	Counsel	739.50	288.8	213,567.60
ELIZABETH L. MCKEEN	Partner	807.50	378.2	305,396.50
GABRIEL BENCOMO	Temp Attorney	88.00	22.0	1,936.00
GARO HOPLAMAZIAN	Counsel	709.75	110.2	78,214.64
HANNAH Y. CHANOINE	Counsel	743.75	10.8	8,032.52
HAROLD G. BRANTLEY	Associate	561.00	362.7	203,474.70
HAROUT DIMIJIAN	Associate	620.50	348.1	215,996.05
HENRY "BUDDY" BROOME	Temp Attorney	88.00	24.1	2,120.80
HUMBERTO GONZALEZ	Temp Attorney	88.00	27.8	2,446.40
IRENE BLUMBERG	Associate	412.25	399.9	164,859.56
JACOB T. BEISWENGER	Counsel	646.00	327.4	211,500.40
JAMES D. HOWARD	Project Assistant	127.50	14.0	1,785.00
JASON M. MONTALVO	Lit Supp Spec	246.50	94.0	23,171.00
JEFFREY CRANDALL	Temp Attorney	88.00	44.0	3,872.00
JEFFREY KOHN	Partner	1,062.50	20.3	21,568.75
JOHN J. RAPISARDI	Partner	1,147.50	661.2	758,727.00
JOHN PAOLO DALOG	Paralegal	204.00	27.4	5,589.60
JON ESPINOZA	Lit Supp Spec	225.25	25.6	5,766.42

⁴ Prior to the submission of this Interim Fee Application, OMM has voluntarily wrote off all fees incurred by all timekeepers billing less than 10 hours during this Compensation Period.

Name	Title or Position	Hourly Rate Billed in this Application	Hours Billed in this Application	Total Compensation
JOSE L. VIALET	Litigation Tech	284.75	10.2	2,904.49
JOSE TREJO	Temp Attorney	88.00	46.0	4,048.00
JOSEPH A. SPINA	Associate	624.75	369.7	230,970.55
JOSEPH L. ROTH	Associate	454.75	436.5	198,498.83
JOSEPH ZUJKOWSKI	Counsel	739.50	92.4	68,329.80
JOSHUA NDUKWE	Temp Attorney	88.00	22.0	1,936.00
LAUREL L. RIMON	Counsel	709.75	13.5	9,581.63
LOGAN TIARI	Counsel	646.00	237.8	153,618.80
LORENA ORTEGA	Staff Attorney	335.75	101.5	34,078.76
LUC MORITZ	Partner	845.75	34.6	29,263.03
MADHU POCHA	Counsel	697.00	220.6	153,758.20
MARO ORTE	Temp Attorney	88.00	46.0	4,048.00
MATTHEW P. KREMER	Counsel	688.50	433.6	298,533.60
PETER FRIEDMAN	Partner	871.25	369.3	321,753.31
RICHARD HOLM	Associate	650.25	373.1	242,608.53
ROBERT BLASHEK	Partner	1,015.75	50.1	50,889.20
SAMANTHA EMILY MILLER	Associate	488.75	26.5	12,951.94
SHEILA AGNEW	Temp Attorney	88.00	33.4	2,939.20
STEFANOS TOUZOS	Associate	650.25	198.6	129,139.76
STEPHENIE REIMER	Temp Attorney	88.00	46.0	4,048.00
SU LIAN LU	Counsel	705.50	38.6	27,232.30
SUNG PAK	Partner	807.50	35.7	28,827.75
SUZZANNE UHLAND	Partner	1,062.50	515.3	547,506.25
VALERIE SMITH	Counsel	705.50	93.8	66,175.90
VICTOR M. NAVARRO	Litigation Tech	204.00	38.4	7,833.60
VICTORIA C. HARGIS	Associate	454.75	62.0	28,194.57
WAYNE JACOBSEN	Partner	1,015.75	12.4	12,595.33
WENDY RYU	Temp Attorney	88.00	15.0	1,320.00
WILLIAM SUSHON	Partner	871.25	267.6	233,146.83
WINSTON CHANG	Of Counsel	807.50	93.4	75,420.50
YAIRA DUBIN	Associate	650.25	92.8	60,343.40
GRAND TOTAL			10,142.9	\$6,871,237.76

Schedule B

SUMMARY OF HOURS AND COMPENSATION BY MATTER CODE

Task Code	Matter Description	Total Billed Hours	Total Fees Requested
<i>Commonwealth Title III Case</i>			
Asset Analysis and Recovery	This category includes all matters relating to the analysis and valuation of the Commonwealth's assets and the recovery thereof.	3.5	2,186.63
Plan of Adjustment	This category includes all work done regarding the negotiation and drafting of the plan of adjustment.	322.5	228,483.21
Business Operations	This category includes all matters relating to the business operations of the Commonwealth.	1,230.6	723,133.01
Assumption and Rejection of Leases and Contracts	This category includes all matters relating to the assumption or rejection of the Commonwealth's executory contracts and unexpired leases.	79.4	57,568.42
Case Administration	This category includes all matters relating to general case administration and coordination, records maintenance, assisting the Commonwealth in fulfilling their duties as debtors in possession, and serves as a general code for services performed that do not fit under any other specific code.	583.1	312,918.86
Claims Administration and Objections	This category includes all matters relating to the claims process in the Title III Case.	103.9	78,930.23
Corporate Governance	This category relates to all corporate governance matters in the Commonwealth's Title III Case.	1,718.3	1,335,047.42

Task Code	Matter Description	Total Billed Hours	Total Fees Requested
Employee Benefits and Pensions	This category includes all matters relating to the employees of the Commonwealth's agencies and organizations, including issues regarding pensions and wages.	74.9	60,906.78
Fee Applications	This category relates to time spent by OMM attorneys in connection with the preparation of fee or retention applications.	168.3	110,431.32
Hearings	This category relates to the attendance of, and preparation for, all hearings for OMM attorneys	17.9	13,807.83
Litigation	This category includes analysis, preparation, and prosecution of adversary proceedings or other litigation.	1,447.7	952,024.16
Meetings and Communications with Creditors	This category relates to all correspondence, communications and meetings between OMM attorneys and various creditors	42.9	24,179.13
Relief From Stay and Adequate Protection	This category includes all matters relating to creditor requests for relief from the automatic stay or for adequate protection, including AAFAF's assisting the Commonwealth to respond, defend, and settle such requests.	75.1	54,844.59
Reporting	This category includes all time relating to reporting requirements of the Commonwealth.	344.6	234,441.77
Tax	This category relates to all tax matters of the Commonwealth.	1.4	1,219.75
Vendor and Other Creditor Issues	This category includes all meetings and communications with vendors and other trade creditors and utility providers.	7.8	5,768.10

Task Code	Matter Description	Total Billed Hours	Total Fees Requested
Mediation	This category includes all work, time, and communications related to the Title III Mediation process that the AAFAF is participating in on behalf of the Commonwealth.	181.5	143,573.74
Commonwealth Total		6,403.4	\$4,339,464.95
<i>Non-Title III and Other Matters</i>			
Commonwealth-GDB	This category includes all matters relating to AAFAF in connection with ongoing restructuring efforts related to Government Development Bank for Puerto Rico (“ <u>GDB</u> ”), which at the present time are not Title III Debtors.	2,442.6	1,687,523.91
Commonwealth-General Corporate Matters	This category includes all matters relating to AAFAF in connection with corporate matters of the Commonwealth and various dealings with the Oversight Board.	115.6	92,958.63
Commonwealth-PRIFA	This category includes all matters relating to AAFAF in connection with ongoing restructuring efforts related to Puerto Rico Infrastructure Financing Authority (“ <u>PRIFA</u> ”), which at the present time are not Title III Debtors.	6.7	5,394.10
Commonwealth-MBA	This category includes all matters relating to AAFAF in connection with ongoing restructuring efforts related to Puerto Rico Metropolitan Bus Authority (“ <u>MBA</u> ”), which at the present time are not Title III Debtors.	15.5	13,359.45
Wells Act	This category includes all work done regarding the Wells Notice received by the Commonwealth.	10.2	7,444.41

Task Code	Matter Description	Total Billed Hours	Total Fees Requested
Commonwealth- PRIDCO	This category includes all matters relating to AAFAF in connection with ongoing restructuring efforts related to Puerto Rico Industrial Development Company (“ <u>PRIDCO</u> ”), which at the present time are not Title III Debtors.	29.6	22,060.92
Commonwealth- UPR	This category includes all matters relating to AAFAF in connection with ongoing restructuring efforts related to University of Puerto Rico (“ <u>UPR</u> ”), which at the present time are not Title III Debtors.	92.1	70,961.49
Commonwealth- PBA	This category includes all matters relating to AAFAF in connection with ongoing restructuring efforts related to Puerto Rico Public Buildings Authority (“ <u>PBA</u> ”), which at the present time are not Title III Debtors.	193.8	141,621.61
Commonwealth- PREPA	This category includes all matters relating to the Title III case of Puerto Rico Electric and Power Authority (“ <u>PREPA</u> ”).	6.0	3,715.80
Commonwealth- Pensions	This category includes all matters relating to AAFAF in connection with pension issues.	164.0	97,945.63
Asociacion de Profesoras y Profesores del Recinto Universitario de Mayaguez v. Commonwealth Litigation	This category includes all matters relating to the case captioned Asociacion de Profesoras y Profesores del Recinto Universitario de Mayaguez, Inc. v. Commonwealth of Puerto Rico.	19.3	12,567.73
Ambac Assurance Corp. v. Commonwealth Litigation	This category includes all matters relating to the case captioned Ambac Assurance Corp. v. Commonwealth of Puerto Rico.	19.3	13,331.87

Task Code	Matter Description	Total Billed Hours	Total Fees Requested
Assured Guaranty Corp v. Commonwealth Litigation	This category includes all matters relating to the case captioned Assured Guaranty Corp. v. Commonwealth of Puerto Rico.	64.3	37,335.89
PREC v. FOMB	This category includes all matters relating to the case captioned PREC v. FOMB.	207.0	147,384.18
Salud Primaria Adversary Proceeding	This category includes all matters relating to the case captioned Assured Guaranty Corp. v. Commonwealth of Puerto Rico.	2.7	2,088.88
FOMB Investigation	This category includes all matters relating the Oversight Board's bond issuance investigation.	398.3	197,818.44
Atlantic Medical Center	This category includes all matters relating to the case captioned Atlantic Medical Center, et al v. Commonwealth of Puerto Rico	44.9	26,349.21
Non-Title III Total		3,831.9	\$2,579,862.15
Subtotal		10,235.3	\$6,919,327.10
Less Adjustments for Transitory Timekeepers⁵		(92.4)	(\$48,089.34)
Grand Total		10,142.90	\$6,871,237.76

⁵ See footnote 4.

Schedule C

EXPENSE SUMMARY

Category	Amount
Conference Calls	17.93
Copying	98.10
Court Fees / Filing Fees	3,326.08
Delivery Services / Messengers	616.95
Deposition Transcripts	318.73
Lasertrak Printing	7,088.40
Local / Foreign Counsel	1,075.00
Local Travel	2,874.94
Meals	2,657.62
Online Research	23,126.58
Other Professional Services	4,265.76
Out-of-Town Travel	53,539.23
Trial Transcripts	2,432.32
Grand Total	\$101,437.64

Schedule D

CUSTOMARY AND COMPARABLE DISCLOSURES

Category of Timekeeper	Blended Hourly Rate	
	Billed OMM's Domestic Offices for FY2018 (Excluding Restructuring Matters)	Billed This Case During the Compensation Period
Partner	1,009	952
Counsel/Associate	656	623
Paralegal/Other	280	243
Aggregated	730	684

**UNITED STATES DISTRICT COURT
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In re:

THE FINANCIAL OVERSIGHT AND
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Debtors.¹

PROMESA

Title III

No. 17 BK 3283-LTS

**Re: ECF Nos. 1063, 1150, 1715,
3269**

(Jointly Administered)

**THIRD INTERIM APPLICATION OF O'MELVENY & MYERS LLP FOR
ALLOWANCE OF COMPENSATION FOR SERVICES RENDERED AND FOR
REIMBURSEMENT OF EXPENSES AS COUNSEL TO THE PUERTO RICO FISCAL
AGENCY AND FINANCIAL ADVISORY AUTHORITY FOR THE PERIOD FROM
FEBRUARY 1, 2018 THROUGH MAY 31, 2018**

O'Melveny & Myers LLP ("OMM"), as counsel to the Puerto Rico Fiscal Agency and Financial Advisory Authority ("AAFAF") as the entity authorized to act on behalf of the Commonwealth of Puerto Rico, the Puerto Rico Sales Tax Financing Corporation, the Puerto Rico Highways and Transportation Authority, the Employees Retirement System of the Government of the Commonwealth of Puerto Rico, the Puerto Rico Electric Power Authority (collectively, the "Debtors"), and certain other public corporations and instrumentalities of the Government of

¹ The Debtors in these Title III Cases, along with each Debtor's respective Title III case number and the last four (4) digits of each Debtor's federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17 BK 3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation ("COFINA") (Bankruptcy Case No. 17 BK 3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority ("HTA") (Bankruptcy Case No. 17 BK 3567-LTS) (Last Four Digits of Federal Tax ID: 3808); (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico ("ERS") (Bankruptcy Case No. 17 BK 3566-LTS) (Last Four Digits of Federal Tax ID: 9686); and (v) Puerto Rico Electric Power Authority ("PREPA") (Bankruptcy Case No. 17 BK 4780-LTS) (Last Four Digits of Federal Tax ID: 3747). (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

Puerto Rico, pursuant to the authority granted to it under the *Enabling Act of the Fiscal Agency and Financial Advisory Authority, Act 2-2017*, makes its third interim application (this “Application”) for allowance of compensation, under sections 316 and 317 of PROMESA, of \$6,871,237.76 and reimbursement of expenses of \$101,437.64 for the period from February 1, 2018 through May 31, 2018 (the “Compensation Period”) in accordance with (i) the *First Amended Order Setting Procedures for Interim Compensation and Reimbursement of Expenses of Professionals*, dated November 8, 2017 [ECF No. 1150], as amended [ECF Nos. 1715, 3269] (the “Interim Compensation Order”), and (ii) the *Memorandum Regarding Fee Review – Timeline and Process*, dated November 10, 2017 (the “Fee Examiner Guidelines”). In support of this Application, OMM respectfully states as follows:

BACKGROUND

1. On May 3, 2017, the Commonwealth of Puerto Rico (the “Commonwealth”), by and through the Financial Oversight and Management Board for Puerto Rico (the “Oversight Board”), as the Commonwealth’s representative pursuant to section 315(b) of PROMESA, filed a petition with the Court under title III of PROMESA.

2. On May 5, 2017, the Puerto Rico Sales Tax Financing Corporation (“COFINA”), by and through the Oversight Board, as COFINA’s representative pursuant to PROMESA section 315(b), filed a petition with the Court under title III of PROMESA.

3. On May 21, 2017, the Puerto Rico Highways and Transportation Authority (“HTA”), by and through the Oversight Board, as HTA’s representative pursuant to PROMESA section 315(b), filed a petition with the Court under title III of PROMESA.

4. On May 21, 2017, the Employees Retirement System for the Commonwealth of Puerto Rico (“ERS”), by and through the Oversight Board, as ERS’s representative pursuant to PROMESA section 315(b), filed a petition with the Court under title III of PROMESA.

5. On July 3, 2017, the Puerto Rico Electric Power Authority (“PREPA”), by and through the Oversight Board, as PREPA’s representative pursuant to PROMESA section 315(b), filed a petition with the Court under title III of PROMESA.

6. Through Orders of this Court, the Commonwealth, COFINA, HTA, ERS, and PREPA Title III Cases (together, the “Title III Cases”) are jointly administered for procedural purposes only, pursuant to PROMESA section 304(g) and Bankruptcy Rule 1015 [ECF Nos. 242, 537, 1417].

7. On October 6, 2017, the Court entered the *Order Pursuant to PROMESA Sections 316 and 317 and Bankruptcy Code Section 105(a) Appointing a Fee Examiner and Related Relief* [ECF No. 1416], which appointed Brady Williamson of Godfrey & Kahn, S.C. to serve as Fee Examiner in the Title III Cases. To date, OMM has worked cooperatively with the Fee Examiner to ensure that AAFAF is provided with cost-effective and efficient services.

8. On December 15, 2017, OMM filed the *First Interim Application of O’Melveny & Myers LLP for Allowance of Compensation for Services Rendered and for Reimbursement of Expenses as Counsel to the Puerto Rico Fiscal Agency and Advisory Authority for the Period From May 3, 2017 through September 30, 2017* [ECF Nos. 2062] (“OMM Commonwealth First Interim Fee Application”) seeking compensation in the amount of \$9,990,147.15, and reimbursement of expenses in the amount of \$184,126.63.

9. Pursuant to the *Fee Examiner’s Initial Report*, filed on March 1, 2018 (the “Initial Report”), the Fee Examiner recommended approval for \$9,727,222.50 in fees, and \$173,088.87 in expenses in connection with the OMM Commonwealth First Interim Fee Application [ECF No. 2645]. On March 7, 2018, such fees and expenses were approved pursuant to the *Omnibus Order Award Interim Allowance of Compensation for Professional Services Rendered and*

Reimbursement of Expenses for the First Interim Compensation Period from May 3, 2017 through September 30, 2017 [ECF No. 2685] (the “First Omnibus Compensation Order”).

10. On March 19, 2018, OMM filed the *Second Interim Application of O’Melveny & Myers LLP for Allowance of Compensation for Services Rendered and for Reimbursement of Expenses as Counsel to the Puerto Rico Fiscal Agency and Advisory Authority for the Period From October 1, 2017 through January 31, 2018* [ECF No. 2758] (“OMM Commonwealth Second Interim Fee Application”) seeking compensation in the amount of \$7,565,097.59, and reimbursement of expenses in the amount of \$122,415.55.

11. Pursuant to the *Fee Examiner’s Second Report on Professional Fees and Expenses (October 1, 2017–January 31, 2018)*, filed on May 30, 2018 (the “Second Report”), the Fee Examiner recommended approval for \$7,515,279.22 in fees, and \$121,120.48 in expenses in connection with the OMM Commonwealth Second Interim Fee Application [ECF No. 3193]. On June 8, 2018, such fees and expenses were approved pursuant to the *Omnibus Order Awarding Interim Allowance of Compensation for Professional Services Rendered and Reimbursement of Expenses for the First Interim Compensation Period from October 1, 2017 through January 31, 2018* [ECF No. 3279] (the “Second Omnibus Compensation Order”).

COMPENSATION REQUESTED BY OMM

12. AAFAF has retained OMM pursuant to an engagement letter dated July 6, 2017, (the “Engagement Letter”).²

13. OMM’s hourly rates are set at a level designed to compensate OMM fairly for the work of its attorneys and paraprofessionals and are disclosed in detail in the Engagement Letter. Following execution of the Engagement Letter, and in light of the unique facts and circumstances

² A copy of the Engagement Letter has been provided to the Fee Examiner.

of these Title III cases, OMM agreed to provide a 15% discount on all fees incurred under the Engagement Letter, which is reflected in all Monthly Fee Statements submitted during the Compensation Period. OMM further agreed to apply the 15% discount to its 2017 rates for the balance of Puerto Rico's 2018 fiscal year.

14. OMM's rates are appropriate for complex corporate, securities, litigation, and restructuring matters, whether in court or otherwise. The rates and rate structure reflect that such complex matters typically involve great complexity, high stakes, and intense time pressures. OMM submits that the compensation requested is reasonable in light of the nature, extent, and value of such services provided to AAFAF.

15. During the Compensation Period, OMM did not receive any payments or promises of payment from any other source for services rendered or to be rendered in any capacity whatsoever in connection with the matters covered by this Application. There is no agreement or understanding between OMM and any other person, other than partners of the firm, for sharing of compensation to be received for services rendered in these cases.³

SUMMARY OF SERVICES

16. During the Interim Period, OMM provided important professional services to the Debtors in connection with the Title III Cases. Detailed descriptions of the specific services provided and the time expended performing such services are attached as **Exhibits B through E**, and a summary of the services OMM provided to the Debtors during the Compensation Period is set forth below.

17. The Compensation Period was an extremely busy and productive time for OMM in

³ At AAFAF's request, OMM engaged contract attorneys to provide document review services in connection with certain litigation matters at discounted rates. The fees for such contract attorneys were billed to AAFAF at cost and disclosed in OMM's fee applications.

connection with both the Title III Cases and out-of-court restructuring efforts related to other entities and instrumentalities. As discussed in further detail below, during this period OMM worked extensively with AAFAF and other government officials endeavoring to bridge the gap with the Oversight Board with respect to Fiscal Plan and Budget issues — and where agreement could not be reached, OMM worked with AAFAF to protect the important policy making functions of the Puerto Rico government. Specifically during the Compensation Period, OMM worked extensively with AAFAF and its other professional advisors in connection with:

- Submission of a second revised Commonwealth Fiscal Plan to the Oversight Board on February 12, which responded to the Oversight Board's February 5 notice of violation;
- Negotiations with the Oversight Board that preceded submission of a third revised Commonwealth Fiscal Plan on March 23;
- Preparation of a letter from Governor Rossello to the Oversight Board sent on April 2, which addressed suggested revisions to the third revised Commonwealth Fiscal Plan set forth in the Oversight Board's March 28 notice of violation;
- Preparation for the Oversight Board's April 19 meeting, at which the Oversight Board's Fiscal Plan was certified;
- Preparation and submission on May 4 of a Commonwealth Budget for the 2019 fiscal year;
- Preparation and submission on May 6 of a written statement to the U.S. Congress pursuant to section 205 of PROMESA regarding certain policy initiatives in the Oversight Board's April 19 Fiscal Plan; and
- Negotiation of the agreement announced on May 20 between Governor Rossello and the Oversight Board related to the Fiscal Plan and the Budget and preparation and submission of related legislation to the Puerto Rico Legislature.

18. In addition to Fiscal Plan and Budget issues, OMM expended significant time during the Compensation Period in connection with the Commonwealth's loan to PREPA and the prospective Community Disaster Relief loan for the Commonwealth. Specifically, OMM worked to protect the Commonwealth's interests as lender in connection with documentation of the PREPA loan and related litigation, which involved extension discovery and deposition preparation.

As a result of these efforts, the PREPA loan closed in late February.

19. OMM also represented AAFAF in connection with various other litigation matters during the Compensation Period, including renewed motions by various creditor groups related to Fiscal Plan and Budget issues and a renewed motion filed by the Official Committee of Unsecured Creditors related to the causes of Puerto Rico's fiscal crisis. In addition to responding to and preparing for hearings on these motions, OMM expended numerous hours preparing a categorical privilege log providing support for over 100 categories of deliberative documents generated over the course of developing the 2017 and 2018 Fiscal Plans.

20. During the Compensation Period, OMM also reviewed and revised the Commonwealth's 2015 audited financial statements, which were publically released on June 30, 2018. As part of this process, O'Melveny updated the Management's Discussion and Analysis section, added analysis regarding the Commonwealth's going concern, uncertainties and liquidity risk, and updated the Subsequent Events note to include all material developments through June 29, 2018. These updates included a detailed description of PROMESA, the filing of the Title III cases and key developments therein, the status of key creditor litigation, and the developments related to consensual restructuring agreements under Title VI.

21. Finally, OMM successfully advanced the out-of-court restructuring efforts of several other entities and instrumentalities during the Compensation Period. As discussed in detail below, OMM negotiated and finalized an amendment to the GDB Restructuring Support Agreement, which resulted in significant modifications to the proposed GDB Title VI transaction, largely to provide additional relief to Puerto Rico's municipalities in the aftermath of Hurricanes Irma and Maria. OMM also analyzed potential Title VI transactions for several other entities, including UPR, PRIFA, PBA, and PRIDCO. With respect to certain of these entities, OMM

negotiated forbearance and nondisclosure agreements.

22. As a result of all of these various work streams, OMM submits that the fees and expenses for which it seeks approval were reasonable and necessary. All fees were also billed at a 15% discount to OMM's 2017 hourly rates.

23. Additionally, OMM has established subject matters categories (each, a "Matter Category") for keeping time records of the work performed for the Debtors. The following is a summary, by Matter Category, of the professional services provided by OMM during the Compensation Period.⁴

a) Business Operations

24. This category includes all matters relating to monitoring compliance with the Commonwealth's Fiscal Plan, and day-to-day operations of AAFAF and other Commonwealth entities as they relate to the Title III cases. These efforts included advising AAFAF regarding ongoing reporting requirements under PROMESA and other applicable law. During the Compensation Period, OMM assisted AAFAF in reviewing and editing notes to audited financial statements and attending to issues relating to fiscal plan and budget development. Additionally, during the Compensation Period, OMM professionals spent time, on behalf of AAFAF and the Commonwealth, working on issues related to proposed financing for both PREPA and PRASA, as well as the potential Community Disaster Loan for the Commonwealth.

b) Case Administration

25. This category includes all matters relating to general case administration and coordination, and serves as a general code for services performed that do not fit under any other

⁴ Several of the matter categories do not appear in this summary because OMM did not bill a substantial amount of time under those categories during the Compensation Period. **Exhibits B through E** provide a complete summary of hours billed and total compensation requested by matter category.

specific code. During the Compensation Period, OMM prepared daily and weekly updates detailing each filing and pleading in the Title III cases and related adversary proceedings, and kept an up-to-date master litigation calendar. OMM attorneys created a key documents library for client reference, consisting of significant substantive court decisions, prior work product, and research memoranda. Additionally, OMM attorneys worked with AAFAF to facilitate the payment of fees for Title III professionals.

c) Corporate Governance

26. This category includes all corporate governance advice provided in connection with the Title III cases, including correspondence and other communication with the Oversight Board. During the Compensation Period, OMM assisted AAFAF with various issues related to the fiscal plans and legislative initiatives. OMM attorneys monitored, and frequently attended, the Oversight Board public listening sessions. OMM attorneys also prepared a Commonwealth entities list and filed an informative motion describing which entities constituted the Commonwealth to assist creditors with filing claims. Additionally, OMM attorneys drafted responses to credit requests for disclosure of fiscal plan development materials. This category also consists of meetings with creditors, financial advisors, and the restructuring team consisting of members from AAFAF, Rothschild, and Bank of America Merrill Lynch.

d) Employee Benefits and Pensions

27. This category includes all time spent by OMM attorneys on matters related to employees of the Debtors, including formulating, negotiating, and drafting a protocol and procedures for the handling of union grievances and arbitrations. During the Compensation Period, OMM attorneys reviewed, analyzed, and commented on the proposed stipulation with certain unions to deal with outstanding grievances asserted against the Commonwealth and its agencies. After receiving comments and negotiating the stipulation, OMM attorneys prepared the

final stipulation and drafted a proposed order for court approval.

e) Fee Applications

28. This category includes all time spent by OMM attorneys preparing its fee statements. During the Compensation Period, OMM spent time preparing its monthly fee statements for February through May and its Second Interim Fee Application.

f) Hearings

29. This category includes attendance at hearings related to any aspect of the Title III cases. During the Compensation Period, OMM prepared for and attended monthly omnibus hearings, as well as the PBA administrative claim hearing in March. OMM minimized the number of attorneys that attended each hearing and had multiple attorneys attend certain hearings only when previously approved by AAFAF and when necessary to provide efficient and appropriate representation for the Debtor.

g) Litigation

30. This category includes analysis, preparation, and prosecution of adversary proceedings or other litigation that is not included in the separate litigation's matter number. During the Compensation Period, OMM reviewed and analyzed the various adversary complaints filed against the Commonwealth and/or its officers, researched and analyzed key legal issues asserted therein, prepared responses to certain adversary complaints (including motions to dismiss), prepared motions to remove related litigation to the United States District Court for the District of Puerto Rico, and engaged in preliminary discovery and due diligence procedures. Specifically, Rule 2004 motions are general Title III litigation matters. During the Compensation Period, OMM attorneys responded to (i) the Rule 2004 motion submitted by the Official Committee of Unsecured Creditors seeking to conduct discovery related to the causes of Puerto Rico's fiscal crises, (ii) Ambac's Rule 2004 motion regarding sale-and-use tax collection after

Hurricane Maria; (iii) National's rule 2004 motion seeking examination of GDB, and (iv) the Unions' Rule 2004 motion regarding segregated employment accounts. In addition, in connection with the Renewed Joint Rule 2004 Motion submitted by the Ad Hoc Group of General Obligation Bondholders, Ambac Assurance Corporation, the Mutual Fund Group, and National Public Finance guarantee Corporation, OMM attorneys (i) prepared briefing in response to the movants' objections to Judge Dein's February 26, 2018 Order; (ii) prepared briefing and presented oral argument in response to the movants' motion to compel; and (iii) prepared an extensive categorical privilege log and related Government and financial advisor declarations describing and providing support for over 100 categories of deliberative documents generated over the course of developing the 2017 and 2018 Commonwealth Fiscal Plans. Among other things, OMM also reviewed responses to financial creditor diligence questions, coordinated with the Oversight Board on responses to these Rule 2004 motions, presented argument at various hearings, and engaged with creditors in an attempt to resolve the motions consensually.

h) Relief from Stay and Adequate Protection

31. This category includes all matters relating to requests for relief from the automatic stay or for adequate protection, including assisting the Commonwealth to respond, defend, and settle such requests. During the Compensation Period, OMM analyzed the applicability of the automatic stay to pending federal and state litigation against the Commonwealth and responded to dozens of requests to lift the Title III Stay, either by motion or lift stay notice. OMM frequently conferred with movants and the Oversight Board in an attempt to resolve motions consensually, and when consensual resolution was reached, OMM drafted stipulations outlining the agreements.

i) Mediation

32. This category includes all work, time, and communications related to the Title III mediation process. During the Compensation Period, OMM attorneys prepared various mediation

statements in response to requests from the mediation panel, prepared for and participated in several mediation sessions, and assisted AAFAF and other professionals retained by AAFAF to respond to questions submitted in advance of and during the mediation sessions.

j) Plan of Adjustment

33. This category includes all work done regarding the negotiation and drafting of the plan of adjustment. During the Compensation Period, OMM professionals researched various issues regarding plans of adjustment and drafted relevant strategic memoranda. In addition, OMM professionals closely worked and coordinated with AAFAF and its financial advisors in evaluating potential capital and financial structures.

k) Assumption and Rejection of Leases and Contracts

34. This category includes all matters relating to the assumption or rejection of the Commonwealth's executory contracts and unexpired leases. During the Compensation Period, OMM attorneys reviewed and evaluated executory contracts and unexpired leases of the Commonwealth. On certain occasions, OMM attorneys conferred with representatives from Lehman to discuss a potential settlement, responded to pleadings regarding assumption of contracts, and drafted replies in support of motions to assume.

l) Claims Administration and Objections

35. This category includes all matters relating to the claims process in the Title III Case. During the Compensation Period, OMM attorneys reviewed proofs of claims and, on occasion, made informal objections to claims. Also during the Compensation Period, OMM attorneys prepared and revised a claims management RFQ, prepared a memorandum addressing potential alternative dispute resolution procedures and closely worked and coordinated with AAFAF with respect to bar date issues.

m) Meetings and Communications with Creditors

36. This category relates to all correspondence, communications and meetings between OMM attorneys and various creditors. During the Compensation Period, OMM drafted outlines and presentations for regular creditor meetings conducted by the Mediation Panel, as well as responded to questions and due diligence requests from creditor counsel. Among other things, OMM and AAFAF's other advisors expended considerable time responding to questions related to Puerto Rico's Treasury Single Account and other cash flow and liquidity inquiries raised during the Compensation Period.

n) Reporting

37. This category includes all time relating to reporting requirements of the Commonwealth. During the Compensation Period, OMM professionals aided AAFAF in meeting its reporting obligations by reviewing and redacting certain reports. In addition, OMM reviewed and revised AAFAF's existing financial statements.

o) Vendor and Other Creditor Issues

38. This category includes all meetings and communications with vendors and other trade creditors and utility providers. During the Compensation Period, OMM attorneys spent time engaging with vendors and creditors for negotiation and information gathering purposes.

p) Commonwealth-GDB

39. This category includes all matters relating to AAFAF's ongoing restructuring efforts related to the Government Development Bank for Puerto Rico ("GDB"), which at the present time is not a Title III debtor. During the Compensation Period, OMM professionals negotiated and finalized an amendment to the GDB Restructuring Support Agreement, which resulted in significant modifications to the proposed GDB Title VI transaction, largely to provide additional relief to Puerto Rico's municipalities in the aftermath of Hurricanes Irma and

Maria. OMM professionals also spent a considerable amount of time negotiating and revising the Solicitation Statement and Preliminary Offering Memorandum to be used in connection with solicitation of the Title VI Qualifying Modification. In addition, OMM's corporate team drafted and negotiated several operative documents required for consummation of the Qualifying Modification, including, among others, the bond indenture, transfer agreement, dealer-manager agreement, servicing agreement, and continuing disclosure agreement.

q) Commonwealth-General Corporate Matters

40. This category includes corporate matters not directly related to the Title III Cases. During the Compensation Period, OMM attorneys prepared letters on behalf of AAFAF in connection with various transactions, advised AAFAF in preparation for Oversight Board meetings, and attended the same. OMM attorneys also attended conferences with financial advisors, analyzed various issues regarding nondisclosure agreements, and engaged in strategic discussions on behalf of AAFAF.

r) Commonwealth-PRIFA

41. This category includes all matters relating to AAFAF in connection with ongoing restructuring efforts related to Puerto Rico Infrastructure Financing Authority ("PRIFA"), which at the present time is not a Title III debtor. During the Compensation Period, OMM professionals dealt with certain issues related to the mental health bonds, reviewed proposed EMMA notices, and conferred regarding state revolving funds.

s) Commonwealth-PRIDCO

42. This category includes all matters relating to AAFAF in connection with ongoing restructuring efforts related to Puerto Rico Industrial Development Company ("PRIDCO"), which at the present time is not a Title III debtor. In connection with pursuing a consensual restructuring of PRIDCO's indebtedness, OMM professionals reviewed a proposed PRIDCO EMMA notice

and analyzed issues regarding PRIDCO. OMM professionals also assisted certain PRIDCO creditors and their advisors in conducting due diligence.

t) Commonwealth-UPR

43. This category includes all matters relating to AAFAF in connection with ongoing restructuring efforts related to the University of Puerto Rico ("UPR"), which at the present time is not a Title III debtor. During the Compensation Period, OMM professionals dealt with issues relating to compliance with reporting requirements, including conducting comprehensive reviews of reporting packages. OMM professionals also reviewed and analyzed the fiscal plans, analyzed correspondence from the Oversight Board related to the fiscal plans, and drafted letters on behalf of AAFAF regarding the same. OMM attorneys also conducted diligence, and communicated with counsel to Voya Institutional Trust Company regarding the deferred compensation plan.

u) Commonwealth-PBA

44. This category includes all matters relating to AAFAF in connection with ongoing restructuring efforts related to Puerto Rico Public Buildings Authority ("PBA"), which at the present time is not a Title III debtor. In connection with pursuing a consensual restructuring of PBA's indebtedness, OMM professionals researched and discussed debt modification and tax structuring as it related to PBA tax bonds. OMM professionals also discussed forbearance agreements with certain PBA creditors and their advisors and assisted such parties in conducting due diligence.

v) Commonwealth-Pensions

45. This category includes all services provided to AAFAF in connection with OMM's analysis of the treatment of pensions under PROMESA and under applicable bankruptcy and non-bankruptcy law. Considerable time from various OMM attorneys was devoted to analyzing pension issues raised in various adversary proceedings, and drafting legal memoranda.

w) Commonwealth-PREPA

46. This category includes all matters relating to the Title III case of Puerto Rico Electric and Power Authority (“PREPA”). During the Compensation Period, OMM attorneys attended to issues relating to the Commonwealth’s interest in PREPA’s Title III Case and assisted PREPA’s counsel on certain matters requested by AAFAF.

x) Commonwealth-Wells Act

47. This category includes all matters relating to AAFAF in connection with the Commonwealth’s response to a Wells Notice and a subpoena from the SEC. During the Compensation Period, OMM attorneys strategized for identification and return of AAFAF documents, reviewed documents to return to AAFAF, and analyzed third-party discovery invoices.

y) Commonwealth-MBA

35. This category includes all matters relating to the preparation and negotiation of Puerto Rico Metropolitan Bus Authority (“MBA”) loan documents. OMM attorneys reviewed comments to transaction documents and drafted an issues list relating to the same. OMM attorneys also analyzed MBA cash flows and worked with AAFAF’s financial advisors to examine issues related to MBA’s fiscal plan.

z) Assured Guaranty Corp. et al. v. Commonwealth of Puerto Rico, et al.

38. This category relates to all work done in connection with the Assured adversary proceeding in connection with the Commonwealth Title III case. During the Compensation Period, OMM attorneys prepared for an appeal by reviewing opinions and docket below to prepare joint appendix, conferring about the record on appeal, and preparing notices of appearance.

aa) FOMB Investigation

40. This category relates to all work done in connection with the ongoing Oversight

Board investigation being conducted by Kobre & Kim regarding the historical debt-issuance practices of the Commonwealth and certain of its instrumentalities as authorized under PROMESA section 104(o). During the Compensation Period, OMM professionals spent considerable time engaged in discovery, including preparing for witness interviews, drafting confidentiality agreements, and responding to document requests. Also during the Compensation Period, OMM attorneys communicated and coordinated with Kobre & Kim, coordinated with local counsel, and made document productions.

bb) Atlantic Medical Center

43. This category relates to all work done in connection with the Atlantic Medical Center adversary proceeding. During the Compensation Period, OMM attorneys reviewed and analyzed Judge Dein's report and recommendation regarding the Commonwealth's motion for abstention, researched issues arising from Atlantic Health's reply brief, and worked with the Puerto Rico Department of Justice to draft a reply to Atlantic Health's objections to the report and recommendation.

cc) *PREC v. FOMB* and PREPA

44. This category relates to all work done in connection with the case captioned *Puerto Rico Energy Commission v. Financial Oversight and Management Board*. During the Compensation Period, OMM professionals analyzed PREC's complaint, prepared AAFAF's motion to intervene in the proceeding, and conducted research related to the issues raised by the complaint. Additionally, OMM attorneys drafted an opposition to a preliminary injunction motion filed by PREC and prepared for oral argument related thereto.

ATTORNEY CERTIFICATION

45. In accordance with Puerto Rico Local Bankruptcy Rule 2016-1(a)(4), the undersigned has reviewed the requirements of Puerto Rico Local Bankruptcy Rule 2016-1(a)(4)

and certifies to the best of his information, knowledge, and belief that this Application complies with Puerto Rico Local Bankruptcy Rule 2016-1(a)(4). In this regard, and incorporated herein by reference, the *Certification of John J. Rapisardi* in accordance with the U.S. Trustee Guidelines is attached hereto as **Exhibit A**.

NO PRIOR APPLICATION

46. No prior application for the relief requested by this Application has been made to this or any other court.

WHEREFORE, OMM respectfully requests that the Court enter an order: (a) awarding OMM compensation for professional and paraprofessional services provided during the Compensation Period in the amount of \$6,871,237.76; (b) reimbursement of actual, reasonable and necessary expenses incurred in the Compensation Period in the amount of \$101,437.64; and (c) granting such other relief as is appropriate under the circumstances.

Dated: July 16, 2018
New York, NY

Respectfully submitted,

/s/ John J. Rapisardi

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